

Assembly Bill No. 169

CHAPTER 381

An act to amend Section 96.1 of the Revenue and Taxation Code, relating to taxation.

[Approved by Governor September 29, 2001. Filed
with Secretary of State October 1, 2001.]

LEGISLATIVE COUNSEL'S DIGEST

AB 169, Wiggins. Property tax revenue allocations: audits.

Existing property tax law establishes various procedures and requirements with respect to the annual apportionment and allocation of ad valorem property tax revenue. Existing law requires the Controller to regularly audit the apportionment and allocation by counties of property tax revenue in accordance with a specified formula and to submit an annual report to the Legislature containing a description of the audit findings along with recommendations to correct any errors.

This bill would deem to be correct any allocation of property tax revenue that was subject to a prior, completed audit by the Controller under a specified statute, and those legislation implementation guidelines issued by the State Association of County Auditors with the approval of state officials. This bill would also prohibit, with regard to any error in property tax revenue allocation methods, a cumulative reallocation or adjustment that exceeds 1% of the current year's original secured roll tax levy. This bill would require any reallocation or adjustment to be completed in equal increments within the following 3 fiscal years or as negotiated with the Controller in the case of reallocation to the Educational Revenue Augmentation Fund or to schools, and would require the subject county auditor to correct the allocation method in the fiscal year following the fiscal year in which the error is discovered.

The people of the State of California do enact as follows:

SECTION 1. Section 96.1 of the Revenue and Taxation Code is amended to read:

96.1. (a) Except as otherwise provided in Article 3 (commencing with Section 97), and in Article 4 (commencing with Section 98), for the 1980–81 fiscal year and each fiscal year thereafter, property tax revenues shall be apportioned to each jurisdiction pursuant to this section and Section 96.2 by the county auditor, subject to allocation and payment of

funds as provided for in subdivision (b) of Section 33670 of the Health and Safety Code, to each jurisdiction in the following manner:

(1) For each tax rate area, each jurisdiction shall be allocated an amount of property tax revenue equal to the amount of property tax revenue allocated pursuant to this chapter to each jurisdiction in the prior fiscal year, modified by any adjustments required by Section 99 or 99.2.

(2) The difference between the total amount of property tax revenue and the amounts allocated pursuant to paragraph (1) shall be allocated pursuant to Section 96.5, and shall be known as the “annual tax increment.”

(3) For purposes of this section, the amount of property tax revenue referred to in paragraph (1) shall not include amounts generated by the increased assessments under Chapter 3.5 (commencing with Section 75).

(b) Any allocation of property tax revenue that was subjected to a prior completed audit by the Controller, pursuant to the requirements of Section 12468 of the Government Code, where all findings have been resolved, shall be deemed correct.

(c) (1) Guidelines for legislation implementation issued and determined necessary by the State Association of County Auditors, and when adopted as regulations by either the Controller or the Department of Finance pursuant to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, shall be considered an authoritative source deemed correct until some future clarification by legislation or court decision.

(2) If a county auditor knowingly does not follow the guidelines referred to in paragraph (1), that county auditor shall inform the Controller of the reason or reasons for not following the guidelines. If the Controller disagrees with the stated reason or reasons for not following the guidelines, the provisions of paragraph (3) do not apply.

(3) If, by audit begun on or after July 1, 2001, or discovery by an entity on or after July 1, 2001, it is determined that an allocation method is required to be adjusted and a reallocation is required for previous fiscal years, the cumulative reallocation or adjustment may not exceed 1 percent of the total amount levied at a 1 percent rate of the current year’s original secured tax roll. The reallocation shall be completed in equal increments within the following three fiscal years, or as negotiated with the Controller in the case of reallocation to the Educational Revenue Augmentation Fund or school entities.

(4) If it is determined that an allocation method is required to be adjusted as provided in paragraph (3), the county auditor shall, in the



fiscal year following the fiscal year in which this determination is made, correct the allocation method in accordance with statute.

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